

## 2005-2006 PERFORMANCE PLAN – CHIEF EXECUTIVE OFFICER

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### *Qualitative Performance Measures*

Weight	Factor	Performance Measure	Incentive Schedule	Quarterly Status Report
40%	Annual Plan Priorities	<p>By June 30, 2006, Develop strategies to provide industry leadership and attain objectives as identified in Annual Plan Projects under the following major categories:</p> <ul style="list-style-type: none"> <li>• Customer Services: Obtain Board approval of a Customer Service Management enterprise policy and strategy that includes evaluation criteria, communication and marketing plans, assessment of required technology, and measurement tools.</li> <li>• Benefits Management: (1) Establish strategic directions for the Health Program and obtain Board approval by March 30, 2006.</li> <li>• Asset Management: (1) Develop plan for the expansion of the Supplemental Savings Program investment options to include “branded CalPERS products”.</li> <li>• Enterprise Compliance: (1) Identify all policies, roles and regulations for the Operational Support functions, (2) Identify compliance tools and monitoring methods used enterprise wide, (3) Report to the Finance Committee on progress of the Compliance Unit.</li> </ul>		

## 2005-2006 PERFORMANCE PLAN – CHIEF EXECUTIVE OFFICER - Continued

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### *Qualitative Performance Measures*

Weight	Factor	Performance Measure	Incentive Schedule	Quarterly Status Report
20%	Special Projects	<p>Complete special projects identified by the Board, meeting performance objectives established by the Board at the time of assignment. This will include acting on emerging issues in a manner that maximizes the potential benefit and minimizes the risk to CalPERS. Report to the Board on actions taken.</p> <p><u>SPECIAL PROJECTS:</u></p> <ul style="list-style-type: none"> <li>1) Defined Benefit/Defined Contribution Pension Debate</li> <li>2) Disaster Recovery</li> <li>3) Health Care Purchasers Conference</li> <li>4) Contracting Review Process</li> </ul>		
15%	Pension System Replacement Project	By March 31, 2006, oversee completion of Final Proposal Review and vendor selection.		

## 2005-2006 PERFORMANCE PLAN – CHIEF EXECUTIVE OFFICER - Continued

### *Qualitative Performance Measures*

Weight	Factor	Performance Measure	Incentive Schedule	Quarterly Status Report
10%	Succession Planning and Management	<p>Demonstrate a commitment to leadership development and communication with all employees about the importance of succession management and workforce planning, including:</p> <ul style="list-style-type: none"> <li>• By June 30, 2006, implement the new executive leadership training program including clearer linkage of development activities and formal training to self-development.</li> <li>• By June, 30, 2006, implement an enterprise Workforce Action Plan to assure technical and professional bench strength throughout CalPERS.</li> <li>• By June 30, 2006, present to the Board a report on the succession management and development plan for Board-reports and the Deputy Executive Officers.</li> </ul>		
10%	Enterprise Leadership and Management Communication	<p>Demonstrate a commitment to leadership development and communication with all employees about the importance of open communication and employee engagement.</p> <p>By June 30, 2006 achieve improvement in the area of open communication and employee engagement as measured by a focus group and organization wide survey.</p>		

## 2005-2006 PERFORMANCE PLAN – CHIEF EXECUTIVE OFFICER - Continued

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### *Qualitative Performance Measures*

Weight	Factor	Performance Measure	Incentive Schedule	Quarterly Status Report
5%	Diversity Program	By December 31, 2005, conduct a Diversity Workshop for the Investment Committee with a goal of establishing objectives for the incorporation of an Investment Office plan to improve diversity in all operations.  By March 31, 2006, conduct a Diversity Conference focused on an increase in diversity in CalPERS investment operations.		
100%	Total	Performance Measures		

Approval:

Date: